
Chilean steel prices to remain unaffected - Analyst

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According to analyst Mr Juan José Ponce with Santiago's LarrainVial stock brokerage, although international iron ore prices are expected to be discounted by roughly 40% from 2008 levels, the drop in the steelmaking raw material will not likely trigger a further decline this year in Chile's steel prices.

Mr Ponce told BNamericas that "Steel prices have already dropped significantly. The 2008 prices of USD 1,300 to USD 1,500 per tonne are not going to return any time soon. Today Chile has steel prices around USD 600 to USD 700 per tonne, so it is hard to imagine prices dropping even lower."

It may be noted that Vale has agreed to grant discounts of 28 to 48% from 2008 prices for its range of products to Japanese and South Korean steelmakers. A similar discount is expected for Chinese steelmakers as they have been insisting on at least a 40% drop overall.

However, negotiations between the Chinese and the three top iron ore producers namely Vale, BHP Billiton and Rio Tinto have yet to come to a close and it is uncertain when they will conclude.

(Sourced from www.bnamericas.com)

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